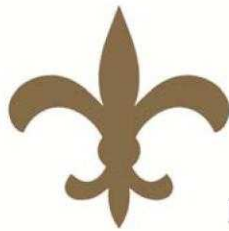


PREVENTION EDUCATION AND RESOURCE SERVICES
(A Non-profit Corporation)
Carencro, Louisiana

Financial Statements
June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Prevention Education and Resource Services
Carencro, Louisiana

Report on Financial Statements

I have audited the accompanying statements of financial position of Prevention Education and Resource Services as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

As explained in Note 9, the Organization has been notified by the Internal Revenue Service of the loss of its tax-exempt status. The effects on the accompanying financial statements of the loss of tax-exempt status has not been determined.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Prevention Education and Resource Services as of June 30, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 31, 2014, on my consideration of the organization's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "J. Aaron Cognin, CPA, LLC". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
March 31, 2014

PREVENTION EDUCATION AND RESOURCE SERVICES
(a Non-Profit Corporation)
Statements of Financial Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 37,821	\$ 25,379
Due from Executive Director	5,625	2,425
Accounts receivable	<u>2,500</u>	<u>1,575</u>
Total current assets	45,946	29,379
Fixed assets:		
Equipment	1,034	1,034
Building	22,817	22,817
Accumulated depreciation	<u>(2,055)</u>	<u>(616)</u>
	<u>21,796</u>	<u>23,235</u>
Total assets	<u><u>\$ 67,742</u></u>	<u><u>\$ 52,614</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 9,376	\$ 6,525
Net assets - unrestricted	<u>58,366</u>	<u>46,089</u>
Total liabilities and net assets	<u><u>\$ 67,742</u></u>	<u><u>\$ 52,614</u></u>

The accompanying notes are an integral part of these financial statements.

PREVENTION EDUCATION AND RESOURCE SERVICES
(a Non-Profit Corporation)
Statements of Activities
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues:		
Contract revenue	\$ 119,576	\$ 118,828
Expenses:		
Program services	81,241	85,071
Management and general	<u>26,058</u>	<u>28,691</u>
Total expenses	<u>107,299</u>	<u>113,762</u>
Increase in net assets	12,277	5,066
Net assets, beginning of year	<u>46,089</u>	<u>41,023</u>
Net assets, end of year	<u><u>\$ 58,366</u></u>	<u><u>\$ 46,089</u></u>

The accompanying notes are an integral part of these financial statements.

PREVENTION EDUCATION AND RESOURCE SERVICES
(a Non-Profit Corporation)
Statements of Functional Expenses
Years Ended June 30, 2013 and 2012

	2013			2012		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Personal services	\$ 60,112	\$ 17,289	\$ 77,401	\$ 63,525	\$ 17,343	\$ 80,868
Payroll taxes	1,222	407	1,629	-	-	-
Supplies	7,381	-	7,381	11,669	-	11,669
Rent	4,125	-	4,125	4,500	-	4,500
Telephone/internet	3,246	-	3,246	2,916	-	2,916
Professional services	-	7,740	7,740	-	8,961	8,961
Repairs and maintenance	-	-	-	1,218	-	1,218
Meals	2,346	462	2,808	-	1,123	1,123
Travel	1,370	-	1,370	945	-	945
Depreciation expense	1,439	-	1,439	298	-	298
Miscellaneous	<u>-</u>	<u>160</u>	<u>160</u>	<u>-</u>	<u>1,264</u>	<u>1,264</u>
Total expenses	<u>\$ 81,241</u>	<u>\$ 26,058</u>	<u>\$ 107,299</u>	<u>\$ 85,071</u>	<u>\$ 28,691</u>	<u>\$ 113,762</u>

The accompanying notes are an integral part of these financial statements.

PREVENTION EDUCATION AND RESOURCE SERVICES
(a Non-Profit Corporation)
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,277	\$ 5,066
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,439	298
Change in operating assets:		
Accounts receivable	(925)	16,840
Accounts payable	<u>2,851</u>	<u>(1,600)</u>
Net cash provided by (used in) operating activities	15,642	20,604
Cash flows from investing activities:		
Advances to Executive Director	<u>(3,200)</u>	<u>(2,425)</u>
Net cash used in investing activities	<u>(3,200)</u>	<u>(2,425)</u>
Change in cash and cash equivalents	12,442	18,179
Cash and cash equivalents, beginning of year	<u>25,379</u>	<u>7,200</u>
Cash and cash equivalents, end of year	<u>\$ 37,821</u>	<u>\$ 25,379</u>

The accompanying notes are an integral part of these financial statements.

PREVENTION EDUCATION AND RESOURCE SERVICES
Carencro, Louisiana
Notes to Financial Statements
June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies

General - Prevention Education and Resource Services ("PEARS") was incorporated in 2009 as a non-profit organization in the State of Louisiana for the purpose of educating middle school students regarding the dangers of alcohol, drug, and tobacco use. PEARS receives funding through its contractual arrangement with the Louisiana Department of Health and Hospitals ("DHH") based on the number students served. PEARS operates primarily in Acadia and Vermillion Parishes in southcentral Louisiana.

Method of Accounting - Assets, liabilities, revenues, and expenses are recognized on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Income Taxes - Prevention Education and Resource Services is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes is reflected in the accompanying financial statements. See Note 9.

Cash and Cash Equivalents - For purposes of the statement of cash flows, all investment instruments purchased with a maturity of three months or less are considered to be cash equivalents.

Property and Equipment - Property and equipment is stated at cost. The cost of fixed assets is depreciated over the estimated useful lives of the related assets using the straight-line method.

Net Assets - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PEARS and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that are met either by action of PEARS or by the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by PEARS. Generally, the donors of these assets permit the organization to use income earned on any related investments for general or specific purposes.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PREVENTION EDUCATION AND RESOURCE SERVICES
Carencro, Louisiana
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 2 - Accounts Receivable

Accounts receivable are the result of amounts due from DHH for services performed under PEARS' contract with DHH. The accounts receivable amounts are considered fully collectible. As such, no allowance for bad debts has been recorded.

Note 4 - Property and equipment

The cost of property and equipment is depreciated using the straight line method over the estimated useful lives of the related assets. Depreciation expense charged to operations was \$1,439 and \$298 for 2013 and 2012, respectively.

The useful lives of fixed assets for purposes of computing depreciation are:

Buildings	30 years
Equipment	3 – 5 years

Note 5 - Off Balance Sheet Risk

The Organization places its cash on deposit with federally-insured banks. Those deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's collected bank balances did not exceed the federally-insured limits during the years ended June 30, 2013 and 2012.

Note 7 - Fair Value Measurements

The fair value of financial instruments classified as assets or liabilities, including cash, accounts receivable, and accounts payable, approximate carrying value principally because of the short maturity of those items.

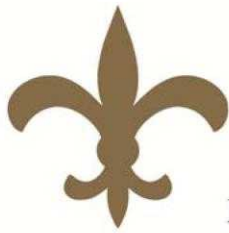
Note 8 - Subsequent Events

The Organization evaluated its June 30, 2013 and 2012 financial statements for subsequent events through March 31, 2014, the date which the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

PREVENTION EDUCATION AND RESOURCE SERVICES
Carencro, Louisiana
Notes to Financial Statements (Concluded)
June 30, 2013 and 2012

Note 9 - Loss of Tax-Exempt Status

PEARS has been notified by Internal Revenue Service that it has rescinded the Organization's tax-exempt status for non-filing of Forms 990. As of the audit report date, management is working with the IRS on reinstatement of the tax-exempt status.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board
Prevention Education and Resource Services
Carencro, Louisiana

I have audited the financial statements of Prevention Education and Resource Services as of and for the years ended June 30, 2013 and 2012, which collectively comprise the Organization's basic financial statements and have issued my report thereon dated March 31, 2014. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audits of the financial statements, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and not be identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2013-1 (IC), 2013-2 (IC), 2013-3(IC), 2013-8 (IC), and 2013-9 (IC), to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider deficiencies in internal control described in the accompanying schedule of findings and questioned costs as Findings 2013-4 (IC), 2013-5 (IC), 2013-6 (IC), and 2013-7 (IC) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2013-1(C).

This report is intended solely for the information and use of the Organization, its management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "J. Aaron Coogan, CPA, LLC". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
March 31, 2014

PREVENTION EDUCATION AND RESOURCE SERVICES
Carencro, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued	Qualified
---------------------------------	-----------

Internal control over financial reporting:

- | | |
|---|-----|
| • Material weaknesses identified? | Yes |
| • Significant deficiency identified not considered to be material weaknesses? | Yes |

Noncompliance material to financial statements noted?	No
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Federal Awards

N/A

Management Letter

N/A

PREVENTION EDUCATION AND RESOURCE SERVICES

Summary Schedule of Current Year Audit Findings
and Corrective Action Plan

For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (06/30/13)						
Internal Control:						
2013-1 (IC)	6/30/2011	The Organization does not have adequate segregation of functions within the accounting system.	N/A	Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. We have, however, segregated as many duties as possible. No plan is considered necessary.	Greg David	N/A
2013-2 (IC)	6/30/2011	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	N/A	Management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interest of the organization to outsource this task to its independent auditor and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for them.	Greg David	N/A
2013-3 (IC)	6/30/2011	The organization does not maintain a general ledger to record its transactions in the form of accounts. I recommend that the organization create and maintain a general ledger.	No	Management concurs with the finding and will implement the recommendation.	Greg David	6/30/2014
2013-4 (IC)	6/30/2011	During the testing of cash disbursements, I noted several instances of debit card purchases and expense reimbursements that were not supported by a receipt. I recommend that receipts for all purchases be filed with the monthly accounting paperwork.	No	Management concurs with the finding and will implement the recommendation.	Greg David	6/30/2014
2013-5 (IC)	6/30/2012	During the last two fiscal years, advances totaling \$5,625 to the Executive Director. In its approval of the advance during the current year, the Board directed that repayment of amounts owed begin in January 2013. To date, no repayments have been made.	No	The Executive Director will begin repayment of all amounts owed as soon as possible.	Greg David	6/30/2014

Summary Schedule of Current Year Audit Findings
and Corrective Action Plan (Concluded)

For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (06/30/13)						
2013-6 (IC)	6/30/2011	The Organization began withholding taxes from the Executive Director's regular salary, however, there were no withholdings taken from payments made under the SYNAR program to him. The same person cannot be treated as both an employee and contractor by the same employer. I recommend that taxes be withheld from the SYNAR checks and that the SYNAR payments be included in W-2 wages.	Yes	Management did partially address last year's finding regarding employee vs. contractor classifications. We determined that the Executive Director should be considered an employee and began withholding payroll taxes from his regular salary. We will begin withholding from payments under the SYNAR program as well.	Greg David	6/30/2014
2013-7 (IC)	6/30/2013	Although the Organization withheld taxes, the tax deposits and Forms 941 for the first and second quarter of calendar 2013 were not made until year end. I recommend that payroll taxes be paid and related forms filed timely.	No	Management concurs with the finding and will implement the recommendation.	Greg David	6/30/2014
2013-8 (IC)	6/30/2013	The Organization has been notified that it has lost its tax-exempt status due to not filing Form 990. I recommend that the Organization request IRS to be reinstated as tax-exempt.	No	Management concurs with the finding and will implement the recommendation.	Greg David	6/30/2014
2013-9 (IC)	6/30/2013	No bank reconciliations were prepared during the year. It is important that the check register be reconciled to the bank statement each month to ensure that the register is correct and that the bank has not made any mistakes.	No	Management concurs with the finding and will implement the recommendation.	Greg David	6/30/2014
Compliance:						
2013-1 (C)	6/30/2010	The Organization did not submit its financial statements within six months of its fiscal year end as required by state law.	No	Management will work to have the year-end accounting ready in time to allow the audit to be completed by the deadline.	Greg David	6/30/2014

PREVENTION EDUCATION AND RESOURCE SERVICES

Summary Schedule of Prior Year Audit Findings
and Status of Corrections

For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Status of Corrections	Name of Contact Person
Prior Year (6/30/2012)					
Internal Control:					
2012-1 (IC)	6/30/2011	See current year finding 2013-1 (IC).	N/A	See current year finding 2013-1 (IC).	Greg David
2012-2 (IC)	6/30/2011	See current year finding 2013-2 (IC).	N/A	See current year finding 2013-2 (IC).	Greg David
2012-3 (IC)	6/30/2011	See current year finding 2013-3 (IC).	No	See current year finding 2013-3 (IC).	Greg David
2012-4 (IC)	6/30/2011	See current year finding 2013-4 (IC).	No	See current year finding 2013-4 (IC).	Greg David
2012-5 (IC)	6/30/2012	See current year finding 2013-5 (IC).	No	See current year finding 2013-5 (IC).	Greg David
2012-6 (IC)	6/30/2011	See current year finding 2013-6 (IC).	No	See current year finding 2013-6 (IC).	Greg David
Compliance:					
2012-1 (C)	6/30/2010	See current year finding 2013-1 (C).	No	See current year finding 01-13 (C).	Greg David

